

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
PA-01 PRS-01 XMB-02 /106 W
-----039087 132205Z /66

R 131655Z JUL 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC 5860

INFO AMEMBASSY BRUSSELS

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USEEC

E.O. 11652: N/A

TAGS: ENRG, TECH, IT

SUBJECT: INDUSTRY MINISTER COMMENTS ON ITALIAN ENERGY PROGRAM

REF: ROME 5909

1. DURING EXTENDED LUNCHEON MEETING WITH THE AMBASSADOR
ON JULY 7, MINISTER OF INDUSTRY AND COMMERCE DONAT-CATTIN
MADE FOLLOWING STATEMENTS ABOUT ITALY'S ENERGY POLICY AND
PLANS.

2. ITALY PLANS TO BUILD 12 1,000 MW NUCLEAR POWER
PLANTS (IN LINE WITH PARLIAMENTARY PROPOSALS, SEE REFTEL) AT
ESTIMATED COST OF \$11-12 BILLION OVER 8-9 YEAR PERIOD. THIS
WOULD HOPEFULLY BE PAID 1/3 WITH NATIONAL FUNDS (THROUGH INCREASED
ELECTRICITY RATES), 1/3 WITH OPEC FUNDS (RE-CYCLING OF
PETRODOLLARS) AND 1/3 WITH US OR CANADIAN FINANCING AT
APPROXIMATE RATE OF \$400 MILLION PER YEAR. DONAT-CATTIN
EXPECTS THAT PRIME MINISTER ANDREOTTI WILL ASK FOR EXIMBANK
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FIANCING--ONE-HALF TO COVER PURCHASES OF U.S. PRODUCTS
AND THE OTHER HALF FOR PLANT CONSTRUCTION. IN CONNEC-
TION WITH CANADIAN FIANCING, DOAT-CATTIN MENTIONED
THAT CANADA HAS OFFERED URANIUM TO ITALY (COMMENT:
PRESUMABLY IN CONNECTION WITH OFFER OF CANDU REACTOR).

3. THIS PROGRAM, ACCORDING TO DONAT-CATTIN, IS

EXPECTED TO HAVE FOLLOWING EFFECTS: (A) MEET FUTURE NATIONAL ENERGY REQUIREMENTS, (B) CREATE NATIONAL NUCLEAR REACTOR PRODUCTION CAPABILITY AND (C) STIMULATE INDUSTRIAL PRODUCTION (WHICH, HE NOTED, IS FORECAST TO DECLINE IN SECOND HALF 1977).

4. DONAT-CATTIN STATED THAT ITALY'S MAIN INTEREST LIES IN BREEDER REACTORS IN VIEW OF DESIRE TO REDUCE DEPENDENCE ON OUTSIDE SOURCES OF RAW MATERIALS. ALTHOUGH ITALY WOULD BE VERY INTERESTED IN U.S. GUARANTEES CONCERNING AVAILABILITY AND COST OF NATURAL URANIUM (ITALY, HE ASSERTED, HAS MORE THAN ENOUGH ENRICHMENT CAPACITY), THAT WOULD NOT SLOW DOWN IMPETUS TO DEVELOPMENT OF BREEDER REACTORS. WHEN AMBASSADOR REASIED QUESTION OF THORIUM BREEDER REACTORS, DONAT-CATTIN REPLIED THAT ITALY HAD OPERATED PILOT PLANT FOR THORIUM RESEARCH BUT HAD LATER ABANDONED IT IN RESPONSE TO DIRECTIVES FROM U.S.G. SUCH RESEARCH, HE ADDED, COULD CERTAINLY BE RESUMED.

5. IN ORDER TO MEET PROJECTED ENERGY GAP IN 1982-83 DONAT-CATTIN REPORTED PLAN FOR SIX COAL-BURNING THERMO-POWER PLANTS (EITHER THOUGH INCREASE IN CAPACITY OF EXISTING PLANTS OR BUILDING OF NEW ONES) AND TO CHANGE SOME OF EXISTING OIL-BURNING PLANTS INTO COAL PLANTS. IN THIS CONNECTION, DONAT-CATTIN REPORTED DIFFICULTIES INVOLVED IN EC INSISTENCE THAT LIMITED OFFICIAL USE

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ITALY PURCHASE COAL FROM WITHIN COMMUNITY, WHEREAS ITALY CAN OBTAIN COAL FROM POLAND OR THE U.S. AT ABOUT HALF THE PRICE. DONAT-CATTIN SUGGESTED THAT GOI MIGHT SEEK RELIEF FROM EC ON THIS POINT, YEILDING TO THE EC ON FIBER MARKET AND ITALIAN REFINERY CAPACITYISSUES (HE DID NOT SPECIFY FURTHER).

6. FINALLY, ON SUBJECT OF SOLAR ENERGY DONAT-CATTIN INDICATED THAT AT LEAST 50 ITALIAN FIRMS ARE WORKING IN THAT FIELD. IN PARTICULAR, HE MENTIONED ANSALDO SAN GIORGIO, WHOSE JOINT PROGRAM WITH MESSERSCHMIDT HAS ALREADY REACHED DEVELOPMENT STAGE. IN THIS CONNECTION DONAT-CATTIN REFERRED TO IMPORTANT CONGRESS ON SOLAR ENERGY WHICH WILL BE HELD IN GENOA IN AUTUMN OR WINTER OF 1977.GARDNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRY, ENERGY, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Sent Date: 13-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ROME11447
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770249-1147
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770762/aaaacble.tel
Line Count: 109
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 77ed576c-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 ROME 5909
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 21-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1876488
Secure: OPEN
Status: NATIVE
Subject: INDUSTRY MINISTER COMMENTS ON ITALIAN ENERGY PROGRAM
TAGS: ENRG, TECH, IT
To: STATE USEEC
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/77ed576c-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009